

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6167

BILL NUMBER: HB 1061

NOTE PREPARED: Nov 19, 2002

BILL AMENDED:

SUBJECT: Merchant Marine Service Veterans' Benefits.

FIRST AUTHOR: Rep. Cheney

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill extends state veterans' benefits to individuals who serve in the United States Merchant Marine during wartime.

Effective Date: July 1, 2003.

Explanation of State Expenditures: *Summary:* Currently, accurate records of the number of Indiana residents who served in the U.S. Merchant Marine during wartime do not exist. It is also unknown how many surviving spouses of deceased veteran mariners from these conflicts live in Indiana. It is estimated that no more than 1,361 mariners that served during either World War I, World War II, Korea, or Vietnam currently live in Indiana. (Desert Storm merchant marine veterans cannot be ascertained at this time.)

Indiana Veterans' Home and Cemetery: Under the bill, mariner veterans would be eligible to reside in the Indiana Veterans' Home (IVH) and to be buried in the Indiana Veterans' Home Cemetery (IVHC). The IVH received approximately \$22 M in funds appropriated by the General Assembly in FY 2003 (\$13 M from the General Fund, and \$9 M from dedicated funds used to reimburse the General Fund). The approximate annual cost per resident at the IVH is \$58,170. Under current law, veterans eligible for admission to the IVH must be Indiana residents for at least three years and must be disabled or destitute. Additionally, the resident must contribute the cost of care for their stay in the IVH. In the case of destitute residents, they must contribute as much as their VA or other benefit programs provide.

Currently, the average cost of burial at the IVHC is \$640, including labor costs for acquiring and setting a headstone, opening a grave, flowers, and other indirect costs. There were ten burials in CY 2001, and through November 8, 2002, 13 burials in CY 2002.

Indiana Soldiers' and Sailors' Children's Home: Under current law, veterans' children and certain other relatives as specified under law can receive preferential admittance to the Indiana Soldiers' and Sailors' Children's Home (ISSCH). Under the bill, merchant mariner veterans would be extended this benefit. For FY 2003, the General Assembly appropriated \$10 M from the state General Fund and \$171,176 in dedicated funds to the ISSCH. Enrollment at the ISSCH as of November 2002 was 157.

Diplomas for WWI and WWII Veterans: Under current law, veterans of either WWI or WWII who left high school before completion to fight in these conflicts may receive a high school diploma from the Department of Education. Mariner veterans of either of these conflicts would be eligible to receive a diploma if they meet the qualifications. No data is available to determine how many surviving WWI or WWII Indiana mariner veterans left high school. The cost to produce a veteran's diploma is approximately \$2.79.

Explanation of State Revenues:

Hunting and Fishing Licenses: An estimated 151 disabled mariner veterans residing in Indiana would be eligible to apply for a resident hunting and/or fishing license at a reduced fee of \$2.75 annually. If all resident disabled mariner veterans acquired a hunting and/or fishing license, it is estimated the reduction in state revenue could range from \$1,730 to \$2,700 annually depending on the type of license acquired. Resident licenses to hunt or fish are \$14.25 annually, and a combined resident hunting and fishing license is \$20.75 annually. Fees from hunting and fishing licenses are distributed into the Fish and Wildlife Fund.

License Plates: Under the bill, merchant mariner veterans would be eligible to display certain veteran license plates including the disabled veteran plate. No additional fee is currently charged for the disabled veteran plate. In 2001, 5,337 disabled veteran plates were issued.

Standard Hoosier veteran plates require an additional \$15 administrative fee. The first \$6 of the fee is deposited into the Motor Vehicle Highway Account (MVHA) and the remaining \$9 to State License Branch Fund (LBF). As of August 2002, 17,154 Hoosier veteran plates were issued for the year. Assuming all 1,361 estimated Hoosier merchant mariner veterans purchased a Hoosier veteran plate, the state would receive additional revenue of approximately \$20,400, with \$8,200 going to the MVHA and \$12,200 to the LBF.

Property Tax Deductions: The state levies a small tax rate for State Fair and State Forestry. Any reduction in the assessed value base will reduce the property tax revenue for these two funds. The revenue reduction caused by this proposal would be very minimal and is estimated at under \$50.

Explanation of Local Expenditures:

Veteran Burial Allowance: Under current law, counties may pay up to \$100 for the care of a body and up to \$25 for a burial plot in the event of the death of an active duty service person or a veteran, or their spouse or widow(er). The total payment for care and a burial plot may not exceed \$100.

Explanation of Local Revenues:

Property Tax Deductions: This proposal would extend the current disabled veterans real and personal property tax deductions to disabled veterans of the Merchant Marine. Merchant Marine veterans would have to meet the same qualifications as veterans of the other services must meet in order to receive the deductions. There are two different deductions available to disabled veterans.

The partially disabled veterans deduction is equal to \$12,000 assessed value (AV) and is granted to veterans who were honorably discharged and have at least a 10% service-connected disability.

The disabled veterans deduction is equal to \$6,000 AV and is granted to veterans who were honorably discharged and who are totally disabled or are at least 62 years old with at least a 10% disability. These disabilities need not be service-connected. To qualify for this deduction, the assessed value of the property may not exceed \$54,000.

For property taxes payable in CY 2002, the total amount of AV deducted for all veterans deductions was \$407.9 M. According to U.S. Veterans Administration estimates, there are approximately 546,500 veterans currently living in Indiana, making the average AV deduction per veteran about \$746. Using the estimate of 1,361 Merchant Marine veterans living in Indiana it is further estimated that this bill would result in additional AV deductions with an estimated total of \$1 M.

Additional deductions reduce the assessed value tax base. This causes a shift of the property tax burden from the taxpayers receiving the deductions to all taxpayers in the form of an increased tax rate. A \$1 M reduction in assessed value would cause a \$0.000007 increase in the CY 2004 statewide average net tax rate resulting in a tax shift of approximately \$19,600. Total local revenues, except for cumulative funds, would remain unchanged. Cumulative fund revenue would be reduced by the product of the fund rate multiplied by the deduction amount applicable to that fund.

Diplomas for WWI and WWII Veterans: Veterans of WWI or WWII that qualify may elect to have a diploma awarded in the school corporation that they would have graduated from. See *Explanation of State Expenditures*.

Peddlers/Transient Merchant License: The bill will allow mariner veterans to receive, exempt from fees, a peddlers or transient merchant license from a county auditor. Under current law, fees for the transient merchant license can vary by county but may not exceed \$100 per six-month period of business transaction. The county treasurer collects the fee for the transient merchant license. Fees from transient merchant licenses are deposited into the county general fund.

State Agencies Affected: Bureau of Motor Vehicles; State Department of Health; Department of Local Government Finance; Department of Education; Department of Administration; Department of Natural Resources.

Local Agencies Affected: Local civil units and school corporations, county auditors, county treasurers.

Information Sources: Zach Cattell, Indiana State of Department Health, (317) 233-2170; Jeff Zaring, Indiana Department of Education; Jane Morrical, Indiana Bureau of Motor Vehicles, (317) 232-2822; Local Government Database; U.S. Veterans Administration; Indiana State Department of Administration; United States Merchant Marine Museum, (516) 773-5515; Seafarers International Union (301) 899-0675; Department of Natural Resources website: <http://www.in.gov/dnr/fishwild/licenses/buylic.htm> ; www.arlingtoncemetery.com; www.ibiblio.org/pub/academic/history/marshall/military/vietnam/nnet_archive/nvet0204.txt; www.merchant-marine.com/va-ammv.htm; www.va.gov/pressrel/kwartn.htm; www.geocities.com/vurleeb/letusnotforget.htm; www.usmm.org ; www.va.gov; www.marad.dot.gov.

Fiscal Analyst: Chris Baker, 317-232-9851; Bob Sigalow, 317-232-9859.